

REMARKS

Claims 1-21 remain in this application. Claims 1, 9, 14, and 20 are independent. Claims 1, 3, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 20, and 21 are currently amended. Claims 22-29 are new.

In the Office Action, the Examiner rejected Claims 1-21 as being anticipated under 35 U.S.C. § 102(e) as being anticipated by Magill (2004/0143542).

Applicants thank the Examiner for conducting a telephonic interview on May 15, 2007. During the interview, Applicants' counsel and the Examiner discussed the Magill reference and how the pending claims were patentably distinct from Magill.

In accordance with the interview, Applicants have amended Claims 1, 3, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 20, and 21 to more clearly recite inventions described in the specification. The specification fully supports the amendments. New claims 22-29 are also supported by the specification. (*See, e.g.*, Specification ¶ 0049.) In view of the following amendments, remarks and the discussion during the interview, Applicants respectfully request reconsideration and withdrawal of the rejection based on Magill.

Currently amended Claim 1 recites:

1. A computer-implemented method comprising:
receiving a trade order;
receiving a quote that is generated from an algorithm engine that does not
have access to the trade order;

receiving quotes from a National Best Bid and Offer (NBBO) feed;
analyzing quotes from the algorithm engine and from the NBBO feed;
selecting a marketplace for the trade order based on comparing the
analyzed quotes to the trade order; and
transmitting the trade order to the selected marketplace to be filled.

Among other limitations of Claim 1, Magill does not teach, disclose, or suggest “receiving a quote that is generated from an algorithm engine that does not have access to the trade order.” It also does not disclose, teach, or suggest “analyzing quotes from the algorithm engine and from the NBBO feed” and “selecting a marketplace for the trade order based on comparing the analyzed quotes to the trade order.”

Magill is directed to an automated trading system. It provides for an interactive order book system for aggregating, manipulating displaying and interacting with order data. (Magill ¶ 0060.) In addition to conventional types of trading orders (*e.g.*, market orders, limit orders, stop orders, etc.), it also supports “Match” and “Range” Orders. (*Id.* ¶ 0061.) With a Match Order, the system of Magill dynamically searches out the NBBO and determines the decimalized midpoint of the NBBO and displays that resulting number in the Open Order Limit Order Book for each security registered on the system of Magill as the “Match” price at that moment in time. (Magill ¶ 0062.) That number is a floating number that changes in direct relationship to changes in the NBBO or internal best bid and offer. And by definition, it does not provide improvement over the NBBO.

Citing paragraphs 30 and 85 of Magill, the Office Action argues that Magill discloses all of the limitations of the previously presented claims, including the limitation of the algorithm engine that does not have access to trade orders recited in the currently amended claims. Applicants respectfully disagree, and have amended Claim 1 (and other claims) to emphasize distinctions from Magill.

Paragraph 30 of Magill describes the Interactive Order Book of Magill. “The system wide new or pending orders are displayed in a pending orders window 381 and the executed orders are displayed in an execution status window.” (Magill ¶ 30.)

Paragraph 85 of Magill states that the system of Magill employs an “order-matching algorithm.” (Magill ¶ 85.) The Magill *order-matching* algorithm necessarily has access to trade orders when attempting to match them. Paragraph 85 of Magill states (emphasis added):

[0085] The system of invention in its preferred embodiment employs an *order-matching algorithm* designed to seek the best mutual matching price. It *examines the prices designated within each order* (for match orders this is the dynamically calculated match price, for market orders this is equivalent to the nationally disseminated best price) and then selects the mid-point of the two prices (the preferred embodiment of which is expressed and matched to four decimal places). In the event that the mid-point is not between the nationally disseminated best bid and ask prices (the NBBO), the system will look for a price at which it can match at a price equal to or better than the NBBO.

By contrast, the algorithm engine recited in Claim 1 is *not an order-matching algorithm* because it does not have knowledge of the order prices in order to “match” them. It does not calculate a match price by selecting the mid-point of two order prices as in Magill. Rather, the algorithm engine of Claim 1 generates quotes without having access to trade orders as recited in Claim 1, and therefore does not have access to or

knowledge of the order prices. In the method recited in Claim 1, a marketplace is selected for the trade based on comparing quotes that the algorithm engine generates to the NBBO quotes.

Unlike Magill, Claim 1 also recites analyzing quotes from the algorithm engine and from an NBBO feed and selecting a marketplace for the trade order based on comparing the analyzed quotes to the trade order. Magill does not teach, disclose, or suggest analyzing two different quotes (1) from an algorithm engine, which are generated without access to the trade orders, and (2) from a NBBO feed, as recited in Claim 1, and selecting a marketplace for the trade order based on comparing those analyzed quotes to the trade order. Dependent claim 2 recites that the selecting step further comprises selecting the marketplace based on whether the trade order can be filled with improvement from the NBBO quote.

Independent claims 9, 14, and 20 (and the claims that depend on those claims) are patentably distinct from Magill for similar reasons. Claim 9 recites “receiving a quote from an algorithm engine that is generated without having access to the trade order” and “determining whether the trade order can be filled with improvement from the NBBO quote based on comparing the algorithm engine and NBBO quotes to the trade order.” Claim 14 recites an order router configured to receive quotes from an algorithm engine that are generated without access to trade orders and determine whether the trade order can be filled with improvement from the NBBO quotes by comparing the trade order to the NBBO and algorithm engine quotes. Claim 20 recites an order router configured to

analyze trade orders, quotes received from an algorithm engine that does not have access to the trade orders, and quotes received from a NBBO feed and determine whether the trade orders can be filled with improvement from the NBBO quotes based on comparing the trade order to the quotes from the algorithm engine and the NBBO feed.

The reference in Magill to the continuous determination of the decimalized midpoint of the NBBO in paragraph 60 of Magill is not the same as analyzing two quotes, a quote from an NBBO feed and a quote generated from an algorithm engine that does not have access to the trade order. The system of Magill does necessarily perform a computation to determine the decimalized midpoint of the NBBO, but it is not determining whether a trade order can be filled with improvement from the NBBO quote based on comparing it to a quote from an algorithm engine that does not have access to the trade order. In performing that computation to determine the midpoint between the prices designated within each order, the Magill system necessarily has access to those orders. If the midpoint between the two prices is not between the nationally disseminated best bid and ask prices (the NBBO), the Magill system looks for a price at which it can match at a price equal to or better than the NBBO.

The claims dependent on Claims 1, 9, 14, and 20 are patentably distinct from Magill for at least the same reasons discussed above, and Magill also does not disclose, teach, or suggest limitations in the dependent claims. For example, Magill does not disclose, teach, or suggest that the improvement is size and speed improvement as recited in Claims 3, 10, and 15. It does not teach, disclose, or suggest filling an order with

improvement from the NBBO at a marketplace that is a reporting facility as recited in dependent Claims 4, 5, 11. Magill does not disclose, teach, or suggest, that the algorithm engine is programmed to quote a predetermined improvement from the NBBO as recited in dependent Claims 6,7, 8, 12, 13, 17, and 18. Magill does not disclose, teach, or suggest that the algorithm engine is programmed with information comprising proprietary trading strategies of a broker-dealer and characteristics of marketplaces that could affect price, size, and speed with which the trade order can be filled as recited in Claim 19.

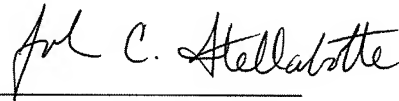
Magill also does not disclose, teach, or suggest the limitations of new dependent claims 22-29. Specifically, Magill does not teach, disclose, or suggest an algorithm engine that does not have access to the trade orders and is programmed to selectively generate quotes that provide both predetermined and non-predetermined improvement over NBBO quotes. The Match Order of Magill is based on merely calculating the midpoint of the NBBO, which by definition, does not provide improvement over the NBBO.

CONCLUSION

In light of the foregoing amendments and remarks, Applicants believe that the application is in a proper format for allowance of all currently pending claims and earnestly solicit a notice to that effect.

Respectfully submitted,

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